pursuant to section 202 who has agreed in writing as a condition of a transfer of physical assets a flexible subsidy loan a capital improvement loan a modification of the mortgage terms or a workout agreement to use nonproject income to make cash contributions for payments due under the note and mortgage for payments to the reserve for replacements to restore the project to good physical condition or to pay other project liabilities knowingly and materially fails to comply with any of these commitments the Secretary may impose a civil money penalty on the mortgagor in accordance with the provisions of this section

"(2) AMOUNT.—The amount of the penalty as determined by the Secretary for a violation of this subsection may not exceed the amount of the loss the Secretary would incur at a foreclosure sale or sale after foreclosure with respect to the property involved.

Real property "(j) VIOLATIONS OF REGULATORY AGREEMENT.—

"(1) IN GENERAL.—The Secretary may also impose a civil money penalty on a mortgagor or property that includes 5 or more living units and that has a mortgage held pursuant to section 202 for any knowing and material violation of the regulatory agreement executed by the mortgagor as follows:

"(A) Conveyance transfer or encumbrance of any of the mortgaged property or permitting the conveyance transfer or encumbrance of such property without the prior written approval of the Secretary

"(B) Assignment transfer disposition or encumbrance of any personal property of the project including rents or paying out any funds except for reasonable operating expenses and necessary repairs without the prior written approval of the Secretary

"(C) Conveyance assignment or transfer of any beneficial interest in any trust holding title to the property or the interest of any general partner in a partnership owning the property or any right to manage or receive the rents and profits from the mortgaged property without the prior written approval of the Secretary

"(D) Remodeling adding to reconstructing or demolishing any part of the mortgaged property or subtracting from any real or personal property of the project without the prior written approval of the Secretary

"(E) Requiring as a condition of the occupancy or leasing of any unit in the project any consideration or deposit other than the prepayment of the first month's rent plus a

security deposit in an amount not in excess of 1 month's rent to guarantee the performance of the covenants of the lease.

"(F) Not holding any funds collected as security deposits separate and apart from all other funds of the project in a trust account the amount of which at all times equals or exceeds the aggregate of all outstanding obligations under the account.

"(G) Payment for services, supplies or materials which exceeds $500 and substantially exceeds the amount ordinarily paid for such services, supplies or materials in the area where the services are rendered or the supplies or materials furnished.